UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF: C-14J

VIA FACSIMILE (513) 232-7654

CONFIDENTIAL AND INADMISSIBLE
SETTLEMENT COMMUNICATION

May 2, 2001

John J. Whitton Trucking, Inc.
Kevin J. Hopper, Esq.
Southampton Square
7434 Jager Court
Cincinnati, OH 45230

Re: Revised Financial Profile for John J. Whitton Trucking, Inc.

Dear Kevin:

Please find enclosed the revised financial profile U.S. EPA prepared for John J. Whitton Trucking, Inc. The profile is based upon information you turned over to U.S. EPA, including most recently, Whitton's 2000 tax returns. The financial profile and the information it is based upon have been exchanged as part of our settlement discussions to resolve claims against your client related to the Skinner Landfill in West Chester, Ohio.

The financial profile presents a range of expected cash flows over the next five years. The settlement offer of $856,000 included in my previous correspondence dated March 20, 2001, may be adjusted to reflect the conclusions in the revised financial profile. At this point, however, I would ask that you propose a counter-offer, or request a meeting to answer any questions you or your client may have about the revised financial profile. I hope this information is helpful and that we can quickly reach a settlement to resolve U.S. EPA's claims. Please call me at your earliest convenience to discuss these issues further.

Sincerely,

Craig Melodia
Assistant Regional Counsel

encl.

bcc: Annette Lang, U.S. DOJ (**VIA Fax Only 202-616-6584**)

5/ 1/2001

Financial Profile

In Dollars

Whitton Container, Inc. & John J.
S Corporation, Tax Form 1120 S

Run Description:

Balance Sheet

	2000	1999	1998	1997	1996
Assets					
Cash	$ (3,031)	$ 6,089	$ 49,293	$ 14,269	$ 42,518
Accounts Receivable	$ 6,347	$ 6,347	$ 6,347	$ 6,327	$ 0
Inventories	$ 0	$ 0	$ 0	$ 0	$ 0
U.S. Government Obligations	$ 0	$ 0	$ 0	$ 0	$ 0
Tax-Exempt Securities	$ 0	$ 0	$ 0	$ 0	$ 0
Other Current Assets	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Assets*	$ (3,316)	$ 646,113	$ 535,833	$ 338,781	$ 207,226
Total Assets	$ 0	$ 658,549	$ 591,473	$ 359,377	$ 249,744
Liabilities					
Accounts Payable	$ 3,001	$ 3,002	$ 0	$ 0	$ 0
Mortgages, Bonds Payable in < 1 Year	$ 260,824	$ 279,654	$ 278,655	$ 85,500	$ 51,223
Other Current Liabilities	$ 0	$ 0	$ 0	$ 0	$ 1,428
Loans from Stockholders	$ 27,070	$ 44,984	$ 33,894	$ 23,347	$ 0
Mortgages, Bonds Payable in > 1 Year	$ 180,459	$ 205,787	$ 149,552	$ 190,445	$ 23,318
Other Liabilities	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities	$ 471,354	$ 533,427	$ 462,101	$ 299,292	$ 75,969
Stockholders' Equity	$ (471,354)	$ 125,122	$ 129,372	$ 60,085	$ 173,775
Total Liabilities and Stockholders' Equity	$ 0	$ 658,549	$ 591,473	$ 359,377	$ 249,744

Income Statement

	2000	1999	1998	1997	1996
Gross Sales	$ 1,928,523	$ 2,041,146	$ 1,873,005	$ 1,772,550	$ 1,586,776
Cost of Goods Sold	$ 0	$ 0	$ 0	$ 0	$ 0
Operating Profit	$ 1,928,523	$ 2,041,146	$ 1,873,005	$ 1,772,550	$ 1,586,776
Other Expenses and Income					
Interest Expense	$ 28,792	$ 29,806	$ 25,466	$ 20,563	$ 7,497
Depreciation	$ 88,773	$ 73,321	$ 107,000	$ 88,395	$ 67,563
Depletion and Amortization	$ 0	$ 0	$ 0	$ 0	$ 0
Other Expenses (Income)**	$ 1,763,012	$ 1,813,425	$ 1,558,059	$ 1,634,962	$ 1,349,624
Total Expenses (Income)	$ 1,880,577	$ 1,916,552	$ 1,690,525	$ 1,743,920	$ 1,424,684
Taxable Income Before NOL	$ 47,946	$ 124,594	$ 182,480	$ 28,630	$ 162,092

Summary of Estimated Cash Flow

	2000	1999	1998	1997	1996
Taxable Income Before NOL	$ 47,946	$ 124,594	$ 182,480	$ 28,630	$ 162,092
Tax	$ 0	$ 0	$ 0	$ 0	$ 0
Credit for Regulated Investment	$ 0	$ 0	$ 0	$ 0	$ 0
Credit for Federal Fuels	$ 0	$ 0	$ 0	$ 0	$ 0
Depreciation	$ 88,773	$ 73,321	$ 107,000	$ 88,395	$ 67,563
Depletion and Amortization	$ 0	$ 0	$ 0	$ 0	$ 0
Income Not Included on Return	$ 0	$ 0	$ 0	$ 0	$ 0
Available After-Tax Cash Flow	$ 136,719	$ 197,915	$ 289,480	$ 117,025	$ 229,655
Available Pre-Tax Cash Flow	$ 136,719	$ 197,915	$ 289,480	$ 117,025	$ 229,655
Adjusted for Inflation	$ 140,957	$ 210,376	$ 317,245	$ 132,225	$ 267,528

* May include loans to stockholders, mortgage and real estate loans, other investments, buildings and other depreciable assets, depletable assets, land, intangible assets, and other long-term assets; see Schedule L of firm's federal income tax return.

** Includes additional income categories listed on page 1, Income Section, of firms's federal income tax return and additional expense categories listed on page 1, Deductions Section, of firms's federal income tax return.

Financial Profile

In Dollars

Whitton Container, Inc. & John J.
S Corporation, Tax Form 1120 S

Run Description:

	2000	1999	1998	1997	1996
Historical Financial Ratios					
Debt to Equity	-1.01	4.26	3.57	4.98	0.44
Current Ratio	0.01	0.04	0.20	0.24	0.81
Times Interest Earned	2.67	5.18	8.17	2.39	22.62
Beaver's Ratio	0.29	0.37	0.63	0.39	3.02
Altman Z'- Scor	na	3.79	4.28	5.50	9.97

Debt to Equity **-1.01** **4.26** **3.57** **4.98** **0.44**

The debt to equity ratio (D/E) is defined as the firm's total liabilities divided by its stockholders' equity. This ratio measures the degree to which debt constitutes the company's financing.
A D/E less than 1.5 but greater than zero generally indicates that a firm has additional debt capacity. This firm's D/E fell into this category in 1996.
A D/E greater than 1.5 generally indicates that a firm may have difficulty borrowing additional capital. This firm's D/E fell into this category in 1999, 1998, 1997.
A D/E less than zero indicates that a firm has negative stockholders' equity, an extremely poor financial situation. This firm's D/E fell into this category in 2000.

Current Ratio **0.01** **0.04** **0.20** **0.24** **0.81**

The current ratio (CR) is defined as the firm's current assets divided by its current liabilities. The ratio assesses whether the firm will be able to cover its short-term debts using cash and other current assets that can be easily liquidated.
A CR less than 1.0 indicates that the firm has serious liquidity problems. This firm's CR was poor in 2000, 1999, 1998, 1997, 1996.

Times Interest Earned **2.67** **5.18** **8.17** **2.39** **22.62**

The times interest earned ratio (TIE) is defined as the firm's earnings before interest and taxes divided by its interest expense payments. This ratio indicates how easily the firm can pay the interest expense on its debt.
A TIE greater than 2.0 generally indicates that the firm is able to meet its interest payments. This firm fell into this category in 2000, 1999, 1998, 1997, 1996.

Beaver's Ratio **0.29** **0.37** **0.63** **0.39** **3.02**

Beaver's ratio (BR) is defined as the firm's after-tax cash flow divided by its total liabilities. The BR provides a useful measure for predicting a firm's long-term solvency and likelihood of staying in business. In particular, the BR indicates whether the firm's internally generated cash flow is sufficient to meet its current and long-term financial obligations.
A BR greater than 0.2 generally indicates that the firm is solvent and healthy. This firm fell into this category in 2000, 1999, 1998, 1997, 1996.

Altman's Z- Score **na** **3.79** **4.28** **5.50** **9.97**

Altman's Z-Score (AZS) is calculated as a weighted average of several financial ratios. AZS is a predictor of firm failure. It is most accurate within two years prior to bankruptcy.
An AZS greater than 2.90 indicates that it is unlikely that the firm will be forced into bankruptcy during the coming two years. This firm's AZS fell into this category in 1999, 1998, 1997, 1996.
An AZS of 'na' indicates that a numerical value could not be computed for 2000 because either total assets or total liabilities were equal to zero. Because this situation is extremely unusual, you should check the accuracy of the firm's tax returns against all inputs before proceeding.

This firm's most recent year's financial ratios indicate that:

The firm has either zero assets or liabilities as well as negative or zero stockholders' equity, a poor and unusual situation. ABEL recommends that you recheck all data inputs.
Note that although these ratios provide a rough indication of the firm's financial condition, they can easily be misinterpreted. See ABEL User's Manual for a more detailed discussion of these issues.

Ability to Pay Analysis

In 2001 dollars

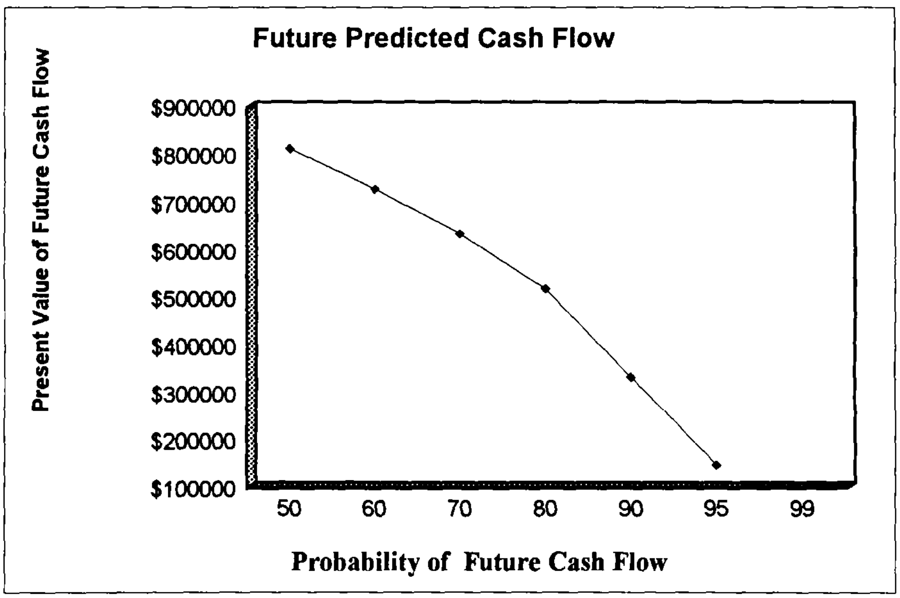
Whitton Container, Inc. & John J.
S Corporation, Tax Form 1120 S

Run Description: Contribution Amount: $0

Reinvestment Rate:	0.0
Annual Inflation Rate (%):	3.1
Discount Rate (%):	12.0
Weighted Average Smoothing Constant:	0.3
Number of Years of Future Cash Flow:	5
Contribution Payment Schedule:	1

Summary of Predicted Cash Flow

Probability of Adequate Cash Flow	Total Pre-Tax Cash Flow Generated by Firm	Superfund Cleanup Cost	Cash Flow Net of Superfund Cleanup Cost
50%	$ 816,594	$ 0	$ 816,594
60%	$ 731,792	$ 0	$ 731,792
70%	$ 638,542	$ 0	$ 638,542
80%	$ 522,135	$ 0	$ 522,135
90%	$ 336,886	$ 0	$ 336,886
95%	$ 149,447	$ 0	$ 149,447
99%	$ 0	$ 0	$ 0



Conclusions

ABEL estimates a 70 percent probability that Whitton Container, Inc. & John J. could afford to pay $638,542 for Superfund cleanup costs. This estimation of ability to pay is based on funds the firm is expected to generate during the next 5 years.

EPA employs the 70 percent probability level as a common cutoff for determining ability to pay. Note, however, that it is ultimately up to the litigation team to determine an appropriate cutoff.

ABEL generally provides a conservative estimate of ability to pay. Click 'Help' on the 'Reports Generation' screen or consult the ABEL User's Manual for a discussion of ABEL's results and related issues.